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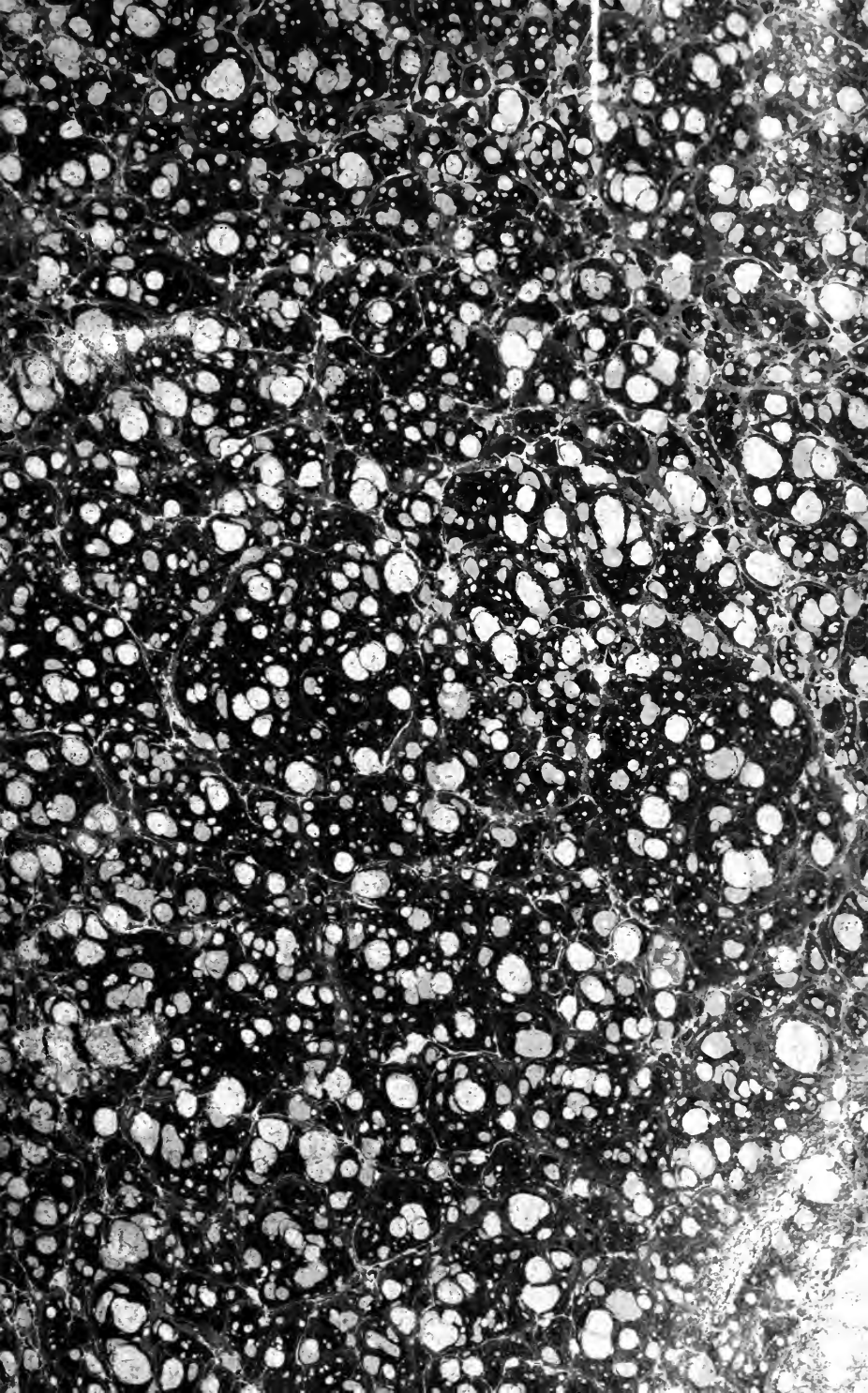
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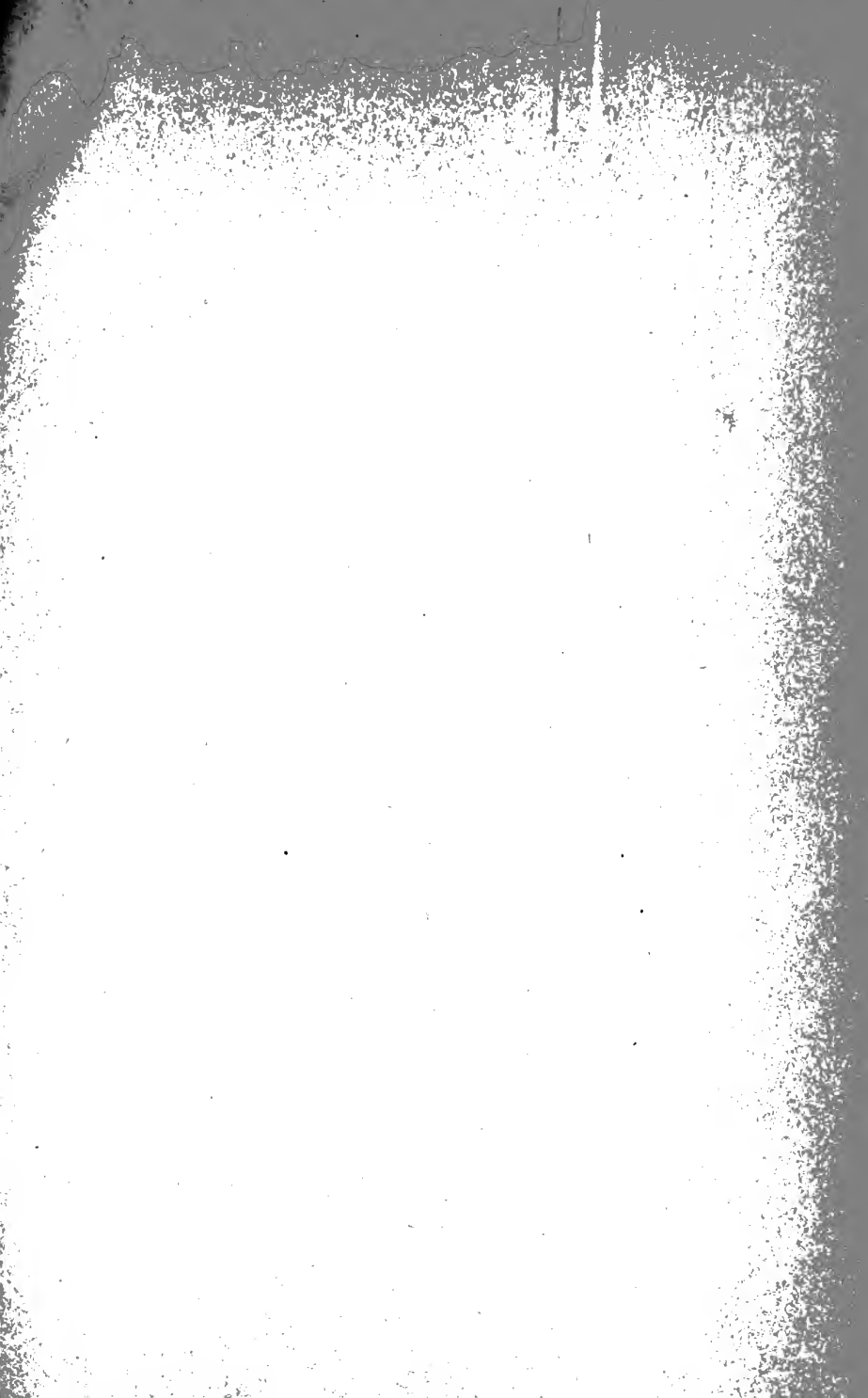
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# ARGUMENT

BEFORE THE

Committee of Ways and Means

ON THE

# SUGAR TARIFF

Against a Uniform Rate of Duty up to  
No. 13, Dutch Standard.

BY

THEODORE A. HAVEMEYER.

January 31, 1880.



WASHINGTON, D. C.

GLOBE PRINTING AND PUBLISHING HOUSE.

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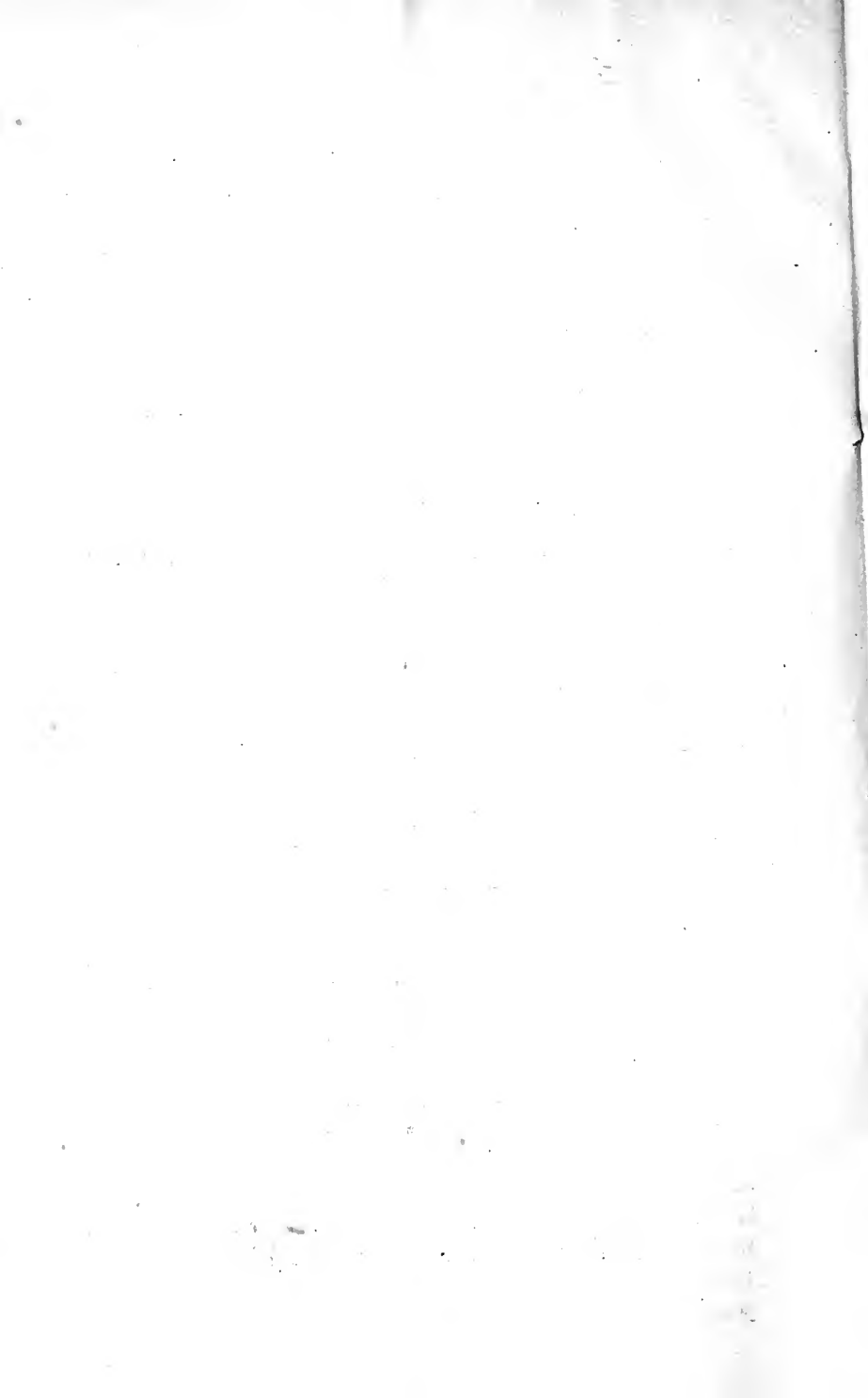
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# ARGUMENT

ON

## THE SUGAR TARIFF.

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Mr. CHAIRMAN AND GENTLEMEN: I shall best suit your convenience and the purposes you have in view in this enquiry, by entering at once into the heart of the question without any preamble. In order to make my present argument as brief as possible, and to enable me to devote it chiefly to meeting the points raised by those who have memorialized you in favor of a uniform rate of duty on all imported raw sugars up to No. 13, Dutch Standard, I have taken the liberty of submitting to you the argument which I made here about this time last year, on the same subject. The principles maintained by me *then* are held by me to-day with the same strength of conviction, and are, I think, to be enforced by precisely the same arguments as I then employed. To your impartial consideration I leave them in that document.

The gentleman who opened the case for the other side, informed you that he had been induced by many importers and refiners to lower the point at which the uniform rate should cease, from 16 to 13. Last year No. 16 seemed to them to be the point at which temptation either to color sugar for the sake of reducing the duty, or to commit fraud by means of sampling and classification, would cease. His friends have, however, succeeded in persuading him that all their interests can be harmonized, and this most decisive and desirable blow in the cause of commercial morality can be struck at about No. 13, Dutch Standard, by a uniform duty of about  $2\frac{1}{2}$  cents a pound.

Their eager desire that this blow should be struck by Congress finds vent in the following terms:

MEMORIAL.

*To the honorable Senate and House of Representatives  
of the United States in Congress assembled:*

The undersigned, importers, refiners, and dealers in sugar, do most respectfully represent to your honorable bodies:

*First.* That the entire business of the importing, refining, and distributing of sugar in this country, involving about one hundred and fifty millions of dollars annually, has been for the past three years, and is now, by reason of the present tariff and the constant agitation of a change of the same, seriously deranged and embarrassed.

*Second.* That disregarding the law which prescribes the Dutch Standard of color as the sole basis of dutiable value, the officials of the Treasury Department in some of the ports are arbitrarily fixing rates of duty on another and totally different basis, thereby endangering all business transactions in foreign sugar, and already involving large amounts which have been paid by the importers under protest.

*Third.* That the before-mentioned condition of business, together with the declarations of the Secretary of the Treasury, of great losses to the revenue, demands a revision of the sugar tariff by Congress at the earliest practicable moment, for which your petitioners do most earnestly pray.

*Fourth.* Your petitioners also desire most respectfully, but emphatically, to protest against the measure introduced into the last Congress, in which it was proposed that the Treasury Department should attempt by some means to establish the percentage of crystallizable sugar as a basis of duties, inasmuch as such a measure is impracticable and unsafe for the government, leading inevitably to serious controversies

between merchants and the Treasury, while it also puts into the hands of subordinate officials increased facilities for that favoritism and unfair discrimination which is a principal cause of complaint against the present graduated tariff.

*Fifth.* Your petitioners most respectfully urge upon your honorable bodies consideration of the report of the Judiciary Committee of the House of Representatives in 1875, on tariff laws, wherein they say :

We believe that importing merchants, who pay into the Treasury so large a part of the money which constitutes the pecuniary resources of the nation, are entitled to be clearly and distinctly told what rates of duty will be exacted from them, that no undue disturbance of their business transactions should be made by unexpected Treasury exactions.

*Sixth.* We heartily agree with the recommendation of the Secretary of the Treasury in his annual reports of 1877 and 1878, which is entirely in harmony with the above report of the Judiciary Committee, and in which we believe he points out the only practical, sensible, and safe remedy for the difficulties complained of, insuring to the government the honest collection of the revenue, and to the merchants and others engaged in commerce in this great staple a safe basis for business transactions.

The Secretary's report of 1878 is as follows :

It is imperative that some change in the mode of collecting duties on sugar should be had, and it is preferred, as stated in the last report, that the duty should be at one rate on all grades of sugar up to a point *which will exclude temptation either to color sugar for the purpose of reducing the duty or to commit fraud* by means of sampling and classification. The duties now are, to a large extent, dependent upon the fidelity of the sampler, one of the lowest paid officers in the public service.

With the foregoing portion of the Secretary's report, the memorialists profess their hearty concurrence.

So here let me note the Secretary's words, by their hearty endorsement of which the memorialists virtually admit the coloring of sugars for the purpose of reducing the duty, for if there were no sugars colored, it is not quite clear what

sense there would be in talking about removing the temptation to color them.

The proponent of the arguments on the other side stated that the points which he wished to elucidate and enforce were in the main stated in the memorial, which the committee has already seen.

He started with the statement that the Robbins bill contained the basis on which gentlemen with him would ask Congress to legislate, namely, a uniform duty on all grades of imported raw sugar, up to No. 13, D. S., such duty to be 2.4 cents a pound, an advance of  $\frac{3}{10}\frac{5}{10}$  of a cent per pound from 13 to 16, D. S., and a prohibitory duty of 4 cents on all above No 16, D. S.

The gentleman stated that he was here as the representative of the signers of this memorial, about eighty in number. It seems to have escaped his notice, for he did not mention the fact, that of the signers the majority are the representatives of Cuban or West Indian planters or exporters, who make almost exclusively the dearest and highest-testing sugars, whether Muscovadoes or Centrifugals; that the twelve refiners whose names are attached to the memorial are chiefly makers of white sugars, and use almost altogether the higher grades of raw sugar imported by the Cuban and West Indian agents before mentioned. The gentleman also stated that he represented not only a majority *in interest* of the refiners of New York, New Haven, Philadelphia, Baltimore, Portland, and St. Louis, but that he also represented a majority in amount of goods imported. What the gentleman may mean by a majority *in interest* of the refiners of New York, &c., is not quite clear to me. If it means that he represents the great bulk of the sugar-refining industry, the gentleman must have been misinformed, inasmuch as the gentlemen who, with me, oppose the uniform duty, represent five-eighths of all the sugar refined and consumed in the United States. If by a majority of goods imported, the gentleman means that he represents the greater proportion of the Cuban and West Indian agents and their principals,

I am perfectly willing to concede the position to him ; but, even so, I miss from his memorial the names of about fifty importers of sugar, among whom are some of the greatest importing houses of the country, such as E. D. Morgan & Co., Moses Taylor & Co., H. H. Swift & Co. From Philadelphia I see only one name on his document. From Boston I do not notice a single one. Baltimore supplies none. The names of the greatest refining houses in the land are appended to a counter-memorial, for the reason above given, that those refining five-eighths of the sugar consumed in this country are opposed to the measure he advocates. This memorial I shall have the honor to present to the committee.

The gentleman who opened for the other side was discreetly silent about Boston. How far this uniform rate of duty is favored by the Boston sugar interest may be gathered from a communication sent me by the Hon. John Candler, who, last year, was one of the Boston delegation, representing every single sugar importer, refiner, and wholesale grocer in that city, and who was instructed to oppose the uniform rate of duty by every honorable means. A petition against the uniform duty, signed by every one of these gentlemen, was presented to your committee, and is on record. I hold Mr. Candler's letter in my hand, and will either read it or hand it to the reporter, to be embodied in my argument, as the committee may wish. I may say the same of letters from Moses Taylor & Co., one of the greatest sugar-importing houses of this country, H. H. Swift & Co., and Ira Bursley, all co-signers of our memorial.

BOSTON, *January 26, 1880.*

T. A. HAVEMEYER, Esq.,  
*Washington, D. C.:*

DEAR SIR : I am very much disappointed that I cannot come to Washington in person to oppose the change of the sugar tariff as proposed by the representatives of Cuba. It is a gross injustice to other sugar producing countries. I have not changed my opinion at all. There is no other ground for me to stand upon, for I consider it a gross act of injustice, and contrary to sound commercial principles to charge Brazil and the East Indies with a duty of 80 per cent. on their product of sugar, and to levy a duty of only 50 per cent. on the product of Cuba

and the other West India Islands. I stated my opinions to the Committee of Ways and Means, and have nothing to change or take back. It is disheartening in this country for a merchant to build up a foreign trade, and then to have Congress, influenced by the lobby of a foreign country, come in and inaugurate legislation that discriminates in favor of the lobby, and changes trade relations. It is not of so much importance that we should cultivate trade with the West Indies as the East Indies. If this injustice were to be inflicted at all, it should be reversed in favor of the East Indies. Every merchant in Boston, in my judgment, knows and believes that the plan proposed by the Cuban lobby is not equitable.

Yours, truly,

JOHN W. CANDLER.

44 SOUTH STREET,  
NEW YORK, January 27, 1880.

DEAR SIR: Your letter of 24th instant, addressed to our Mr. Lawrence Turnure, desires the expression of our views upon the adjustment of the duties on sugar, now occupying the attention of the Committee of Ways and Means. We hold to-day the same views which our Mr. Turnure expressed to the committee last year, and to which we refer. We believe that an *ad valorem* duty, with perhaps an incidental protection to the manufacturers' product, would produce the largest revenue, would be more equitable in its assessment, more economical in its collection, and less open to temptation of fraudulent practices, while at the same time it would propitiate commerce, and give our merchants access to all the sugar producing countries of the world, which the constantly increasing consumption of this country absolutely requires.

We are well aware of the objections raised by those opposed to the *ad valorem* duties, which may be well founded when applied to manufactured goods of different fabrics and uncertain values, but the objections are not well founded when applied to a staple article like sugar, the value of which is a matter of public record from day to day in all the markets of the world.

If it should be considered that it would be impossible to obtain the assent of Congress to *ad valorem* duties, then a specific rate should be so adjusted as most nearly to coincide with *ad valorem* duty, in order that the interests of foreign producers, joined to the American importers, could not be combined in the effort to secure the production and introduction of such sugars as would avoid the spirit of the tariff, while technically conforming to the letter.

To accomplish this object we suggested to the committee last year a tariff of this character, namely:

On all tank-bottoms, concretes, syrups of sugar-cane juice, Melado, concentrated molasses, and on sugar not above No. 13, Dutch Standard, and not above 80° test by the polariscope, per pound, 1½ cents.

On sugars not above 13, D. S., testing by the polariscope, above 86° and not above 92°, per pound, 2¼ cents.

On sugars not above 13, D. S., testing by the polariscope above 80°, and not above 86°, per pound, 2 cents.

On sugars above 13, D. S., and not above 16, D. S., per pound, 2½ cents.

On sugars above 16, D. S., and not above 20, D. S., per pound, 2¾ cents.

Provided that all sugars not above 13, D. S., testing by the polariscope above 92°, shall pay the same duty as those above 13, D. S., and not above 16, D. S., with such incidental protection to the refined as might be considered equitable.



On molasses, testing by the polariscope not above 52°, 6 cents per gallon.  
On molasses, testing by the polariscope above 52°, 12 cents per gallon.

It is for Congress to decide what amount of revenue is to be derived from the article of sugar alone. To ourselves it appears unjust to tax sugars so heavily, while other articles of foreign production could pro-rate just as well, and moreover at the expense of the foreign producer, and the duty still afford protection to our home-grown sugars. But if so heavy a duty is to be continued upon sugar, the rates we have stated will most largely contribute to its collection, and being equitable to all the interests of this great trade, will relieve Congress from the continual clamor for change of tariff which must exist as long as any one class, either of importers or of manufacturers, is favored at the expense of the other. These rates correspond, practically, to the *ad valorem* rates as well on those sugars whose intrinsic value is based upon polariscope test as on those above No. 13, D. S., at which point the color becomes an important element in value.

The members of the committee will, no doubt, hear the representations of interested parties on either side so fully that we do not pretend to enter upon any argument, and confine ourselves to this expression of our honest opinion and conviction, based on a pretty active experience in the sugar trade for a great number of years.

Your obedient servants,

MOSES TAYLOR & CO.

THEODORE A. HAVEMEYER, Esq.

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NEW YORK, January 13, 1880.

Mr. THEODORE A. HAVEMEYER, *New York*.

DEAR SIR: I have been asked to go to Washington to express my views as regards a change in sugar duty before the committee. This is very inconvenient, and hearing you are going on, I take the liberty to say what I think on this important matter. I am with that large class of importers of sugar who wish to see an equitable duty on the *ad valorem* principle placed on different grades of sugars from all countries producing the article, as against that class who, in the interest of Cuba alone, desire to admit her sugars at the same duty as those of all countries regardless of quality.

The injustice of this is very plain, when it is known that by the new process now becoming general in Cuba (centrifugal process) sugars can be made of any color and yet contain 96° of crystal sugar, whereas the ordinary grades of East Indies and Brazil, made by the old process, are all of natural and equally light or lighter color than Cuba's while testing 80 to 86, and are worth in the market from 25 to 40 percent. less. In other words, the duty on centrifugals, at the relative rate of 5 cents cost and 2½ cents per pound specific duty, would be at the rate of 50 per cent. *ad valorem*, whilst East Indies and Brazil's, at the relative value of 3 cents, paying 2½ cents per pound specific duty, would be 80 per cent. *ad valorem*. This is evidently so unjust that it seems hardly possible it can be seriously entertained for a moment. Such a discrimination if made would destroy our East Indies and Brazil trade in sugar, and place us at the mercy of Cuban planters, leaving the lower grades of these distant countries to England free from our competition. Not this alone; it would be most detrimental to our shipping interest, as the vessels carrying cargoes of our produce and manufactured goods to these countries depend largely on sugar for return freights, and but for it would have to return in ballast. This fact would so increase the outward freight on

our manufactures as to check export, and thus work another prejudice to our trade in favor of those countries who could purchase sugar for returns.

I have been an importer for 35 years, dealing largely in East India and Brazil sugar, and in that time seen many changes of tariff, but never so unjust a measure was proposed as a one rate of duty on an article that varies so much in cost in consequence of that difference in quality. Those who advocate this special legislation in favor of Cuba having no just and equitable ground to stand on, have sent up the cry of "*fraud?*" On this I have nothing to say, except that I do not believe our government is so weak as not to be able to protect its own interest. This weak argument would as well apply to wines, broadcloth, laces, or any other article imported varying in value. It is of little importance what rate of duty the government collects, but it is of vital importance to the general sugar trade and the shipping interests of the country that it should be equitable, bearing alike on high and low grades based on an *ad valorem* rate.

I hope this much-vexed question will be fairly and equitably settled this year, and remain,

Yours, very truly,

H. H. SWIFT.

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[Copy.]

E. D. MORGAN & Co.,  
NEW YORK, January 30, 1880.

Hon. FERNANDO WOOD, *Chairman, Washington.*

DEAR SIR: I regret that I am unable to appear before your committee to again earnestly protest against the proposition of one rate of duty on all grades and kinds of sugar under No. 13, Dutch Standard, in color, and I beg to repeat all that I have said or written in former years against any measure of this character. I hand a copy of my letter to you of the 1st of February, 1879, all which I now reiterate.

The advocates of this measure base their argument in a large degree on the difficulties of collecting the revenue, under the existing law, by reason of frauds and difficulties in sampling for classification. In this connection I beg to add that, under the methods and improvements for sampling and weighing sugars that have been adopted by the Department, in the past two or three years the evils complained of in former years have been in a large degree removed. My experience and observation leads me to say that the revenue on sugar in this port is now fully and fairly collected. The greatest credit in this matter must be accorded to all connected with the customs in this city, and I suggest that the committee avail of the testimony of Appraiser Dutcher before deciding that any change is necessary beyond that most important change of placing the new process or centrifugal sugar on a parity with old process sugars. The producers of these new-process sugars, under the existing law, have an advantage of from 7 to 12½ per cent. over the great majority of the producers of raw sugar, an injustice that ought to be remedied. On the 27th December, 1877, I addressed you a letter on this subject, copy of which I enclose. The only change I would now suggest would be the making of 92 degrees the point for requiring all sugars under No. 10 to pay the higher rate.

Very respectfully, yours,

(Signed) SOLON HUMPHREYS.

[Copy.]

No. 64 SOUTH STREET, NEW YORK,  
January 27, 1880.

HON. FERNANDO WOOD,  
*Chairman Committee Ways and Means,*  
*Washington, D. C.*

DEAR SIR: Understanding that the matter of the sugar duties is now under the consideration of your committee, I had purposed appearing personally before you to represent the interests of the importers of low-grade, cheap-made sugars, such as we now receive from Brazil and the Philippine Islands, the importation of which would be practically prohibited by such action as the levying of a specific duty of 2 or 2½ cents per pound on sugars of No. 13, Dutch Standard, and all below.

Could an *ad valorem* duty be collected it would certainly seem to be the fairest. But if this cannot be done, and your committee deem it necessary that a specific duty must be levied, such specific duty should certainly be arranged to act as nearly as possible in the same way that an *ad valorem* duty would.

You will probably have before you representatives of the low-grade sugars, but the sugars in which I deal, and regarding which I am conversant, are those of the Philippine Islands, of which our importation is about 50,000 tons per annum. These sugars are low in grade, being the poorest class of dry sugars made. Their usual cost at the place of export in the Philippine Islands is about 2¾ to 3 cents per pound, f. o. b. If a specific duty of say 2½ cents per pound is placed on all sugars No. 13, Dutch Standard, or below, it would amount to almost a duty of 100 per cent. *ad valorem* upon these sugars, while upon a No. 12 or 13 Cuban sugar, costing f. o. b. at Havana 6 to 6½ cents per pound, 2½ cents specific duty would be but about 40 per cent. *ad valorem*, being thus a heavy discrimination against East India sugars in favor of those of the West Indies.

There is another circumstance to be considered beside the interest of the importers of these East Indies sugars, which is that of American ship-owners. These sugars from the East Indies are mainly brought in American vessels, thus affording employment homeward from the East for a large amount of American tonnage every year. If the proposed discrimination against these sugars comes in force this business is lost to American bottoms.

For your guidance, I would state that the total crop of the Philippine Islands will be almost 150,000 tons this year, added to which at times a further large amount of low-grade sugar is available from China and adjacent ports.

In the hope that legislation so exclusively in Cuban interests may not be carried through, I am, very respectfully yours,

IRA BURSLEY.

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OFFICE OF THE CALIFORNIA SUGAR REFINERY,  
SAN FRANCISCO, January 14, 1880.

Messrs. HARRISON, HAVEMEYER & Co.,  
*Franklin Sugar Refinery, Philadelphia:*

GENTLEMEN:

I beg to acknowledge receipt of your esteemed favor of 2d inst., and, in reply thereto, beg to say that I am entirely in accord with your views in reference to the establishment of an uniform specific rate of duty upon all sugars under No. 13, D. S.

As you say : "The absurdities of the proposition are so evident" that anybody with any grain of common sense would readily perceive them.

I am sorry that I cannot attend the hearing before the Committee of Ways and Means.

Yours, respectfully,

CLAUS SPRECKEL.

These letters serve to exhibit the question before you in an aspect which I take the liberty of believing is worthy of your consideration.

Upon addressing myself to this question, I would at once say that those whom we represent here ask for no favors whatever at the hands either of your Committee or of Congress. We are not here to petition for *special* legislation in our favor, or in favor of, or against, any grade of sugar, or any class of importers or refiners. We simply ask for even-handed justice, and to be allowed to prosecute our legitimate business, free from such unjust disadvantages as would result to us from the adoption of the uniform tariff, urged by those who oppose us.

If the competition of gentlemen on the other side were the only factor in this question, I would say, let the gentlemen on the other side import all the sugar they require, *free of duty*, from any part of the world they choose, only let me and my friends do the same. If they choose to import high-grade Muscovadoes and Centrifugals, let them do so by all means with absolute freedom ; but, if we, on our side, choose to import our low-grade sugars from China, Egypt, Manila, Java, and Brazil, let us, too, do it with absolute freedom. But other factors exist, the chief one being that the Treasury needs the proceeds of the sugar duty. Then, by all means, let there be a sugar tax ; but if absolute freedom of importation is the highest form of justice and equity to all importing and using the various grades of sugar, surely the nearest approach to that justice and equity is such a duty as does not weight with a tax disproportionate to its value any grade of sugar whatsoever, or, in other words, a tax which leaves undisturbed here the relative value of every grade of sugar just as it existed at the foreign point of purchase. I will not

argue this, gentlemen; there are certain truths which are self-evident. This seems to me to be one. I have no time to follow the proponent on the other side into the remote issues into which his method of treating the question drew him. I will try and get at once at the marrow of the matter.

The gentleman said that the excuse for the tariff of 1870 was that England had a tariff which discriminated in favor of low-grade sugars, and that, in order to compete with her, we must have a similar tariff. The real reason, sir, was that the refiners of this country wanted these low-grade sugars to make cheap sugars for home consumption, which they were unable to get while the duty was uniform up to No. 13. Besides, what is called by the proponent of the other side, the *excuse* for this tariff, has nothing whatever to do with the question before you. The very heart of the matter lies in the answer to the query: Was this tariff of 1870 a just and an equitable one? Was it an advance in this direction over its predecessor? There is not a gentleman on the other side who does not admit that, if practicable, an *ad valorem* tariff is by all odds the most just and equitable. They simply contend that it is impracticable.

Supposing I grant that an absolute and mathematically balanced *ad valorem* tariff is impracticable, does that warrant gentlemen on the other side in arguing that we ought not to attempt to approach the justice of an *ad valorem* tariff in our specific rates on the various classifications of sugar as nearly as possible? If I cannot do absolute justice, is that a reason for doing absolute injustice? Am I not bound to go as near doing justice as possible? The proponent on the other side was at great pains to prove that it was an impossibility to apply the *ad valorem* principle properly to specific rates. I will not take up your time by following the gentleman into all his detailed special pleading. We are men of business, met here not to evolve theories out of our inner consciousness; we are here to discuss these questions by the light of facts and the experience therefrom derived.

Let us see how nearly it is possible to make specific rates

on defined classifications of sugar approach an *ad valorem* rate. We need not go farther than the present tariff. Taking the average cost of uncolored sugars in the producing countries, the seven classifications of the present tariff pay the following *ad valorem* rates:

	Raw—Cost in producing country.	Duties.	Net.	Ad valorem.
Melado.....	3. cts. per lb.	$1\frac{1}{2}+25$ per cent.	—1.87.	$62\frac{1}{3}$ per cent.
No. 7.....	3.50. “	$1\frac{3}{4}+25$ “	—2.17.	$62\frac{1}{2}$ “
No. 10.....	4. “	$2+25$ “	—2.50.	$62\frac{1}{2}$ “
No. 13.....	4.50. “	$2\frac{1}{4}+25$ “	—2.81.	64 “

This, the committee will note, is the *ad valorem* based on the price in the producing country. In bond in New York it would be an average of about 55 per cent.

Now, for what may be called refined under the present tariff—

	Refined—Cost in producing country.	Duties.	Net.	Ad valorem.
No. 13 to 16.....	5.50. cts. per lb.	$2\frac{3}{4}+25$ per cent.	—3.437.	$62\frac{1}{3}$ per cent.
No. 16 to 20.....	6.50 “	$3\frac{1}{4}+25$ “	—4.06.	$62\frac{1}{2}$ “
Above 20.....	8. “	$4+25$ “	—5.	$62\frac{1}{2}$ “

The same remark, with regard to the difference between the *ad valorem* in the producing country and in New York, applies equally to this table as to the first. It applies likewise to the two which I shall next quote.

Thus, under the present tariff, there are only two exceptions in these seven cases, to a perfect *ad valorem* in the specific rates levied on the seven classifications. No. 13 pays  $1\frac{1}{2}$  per cent. *ad valorem* more than the rest. Melado pays one-sixth of one per cent. less than any of the others. This seems to me to be a very tolerable approach to an equitable application of the *ad valorem* principle to specific rates against the practicability and possibility of which the proponent on the other side argued so strenuously. It appears to me that this showing thoroughly justifies the Secretary of the Treasury, when he says that the present rates are as nearly *ad valorem* as can well be established in the shape of specific duties. The Secretary also said, on December 17, 1878, in answer to the Chairman of the Committee:

“When the tariff was passed (1870) the Dutch Standard was the standard recognized, and, if it could be continued to be applied as it was then applied, the present tariff would be a fair *ad valorem* tariff.”

This opinion of the Secretary is supported by the most competent judges of matters pertaining to sugar in this country.

Now, because the present tariff does not exhibit all the mathematical niceties of an *ideal ad valorem* principle applied to specific rates, gentlemen on the other side think a proper substitute for it would be found in a uniform rate of duty up to No. 13. I will, for convenience sake, assume the rate to be \$2.50 per pound. It matters little whether it be \$2.40 or \$2.38, the principle involved is the same and the difference in the result not very marked whichever of these figures be assumed as the uniform rate per pound.

According to this rate, with the average prices of sugar in the producing country identical with those quoted to illustrate the working of the present tariff, the *ad valorem* rate on the various classifications would be as follows:

	Raw—Cost in producing country.	Uniform duties.	Ad valorem.
Melado.....	3 cts. per lb.	2½ cts. per lb.	83½ per cent.
No. 7.....	3.50 “	2½ “	71½ “
No. 10.....	4 “	2½ “	62½ “
No. 13.....	4.50 “	2½ “	55½ “

	Refined—Cost in producing country.	Duties.	Net.	Ad valorem.
No. 13 to 16.....	5.50 cts. per lb.	2½+25 per cent.	—3.437.	45½ per cent.
No. 16 to 20.....	6.50 “	2½+25 “	—4.06.	38½ “
Above 20.....	8. “	2½+25 “	—5.	31¼ “

I have merely carried these comparisons beyond No. 13 to show the extreme limits of a uniform tariff, and am aware that these gentlemen merely propose to carry this uniform rate of duty up to No. 13. But even so the discrimination in favor—

Of No. 13 against Melado is.....	27½ per cent.
Of No. 10 “ Melado is.....	20½ “ “
Of No. 7 “ Melado is.....	11½ “ “

The discrimination in favor of—

No. 13 against No. 7 is .....	16 per cent.
No. 13 against No. 10 is.....	7 “ “

The discrimination in favor of—

No. 10 against No 7 is ....	9 per cent.
No. 7 against Melado is.....	11 $\frac{5}{8}$ “ “

So that, unable to endure the injustice of the present tariff, which shows in one instance a discrimination of  $1\frac{1}{2}$  per cent., viz., in the case of No. 13, and of one-sixth of one per cent. in the case of Melado, the gentlemen on the other side would have your honorable Committee recommend a tariff of which the least discrimination against any one low-grade sugar is 7 per cent.; the greatest discrimination against any one low-grade sugar is  $27\frac{5}{8}$  per cent., and the average discrimination against all the grades below No. 13, D. S., is  $19\frac{1}{2}$  per cent.

This is the manner in which gentlemen on the other side propose to do away with the discrimination of  $1\frac{1}{2}$  per cent. existing in *only one instance* in the present tariff.

The unqualified injustice of a uniform tariff will be strikingly shown, if I suppose, for the sake of illustration, that the Government exacted its duty in kind, *i. e.*, in sugar, instead of money. If the uniform duty were  $2\frac{1}{2}$  cents per pound, the importer of a Cuban centrifugal sugar, costing 5 cents, would pay half of his cargo as duty; the importer of a low-grade sugar, costing  $2\frac{1}{2}$  cents per pound, would have his cargo confiscated to meet the duty.

So far for the justice of a uniform rate of duty.

Let me now, Mr. Chairman, state broadly and honestly what we on our side want and ask for. We are men engaged, some in the business of importing, some of refining sugars. As far as the importers among us are concerned, we ask simply to be allowed to buy our sugars in any and every market of the world—in Cuba, the West Indies, Manila, Brazil, China, Egypt indiscriminately. If the sugar of the last-mentioned countries is poorer and cheaper than that of Cuba and the West Indies, we claim that we have a



right to go to those markets if we choose, just as we concede to and claim for gentlemen on the other side the right to go to Cuba, the West Indies, or any other market they please for the sugars in which they deal. It seems to the importers among us that any tariff which should prevent us from doing that would be a direct and unwarrantable interference both with the trade of this country and with our legitimate business as American citizens.

The refiners among us, whose out-turn embraces five-eighths of the total amount of the refined sugar consumed in this country, beg to make this simple statement. We are men who make all classes and grades of refined sugar, varying in price from the cheapest sorts of yellow sugars to the absolutely pure white crystal sugar.

In order to be able to do this *economically*, indeed, in order to be able to do it at all, we need for our business every grade of raw sugar, from the lowest to the highest.

I think I can demonstrate this to the committee in a moment or two.

[Here the speaker took a sample of Cuban centrifugal sugar, costing in Cuba 5.69 cents, and a refined sugar costing  $8\frac{1}{4}$  cents per pound, and proceeded as follows :]

Here, for instance, is a high-grade centrifugal sugar from Cuba, costing to-day in bond 5.69 cents per pound. When the duty, 2.81, on this sugar is paid, it costs us  $8\frac{5.9}{100}$  cents per pound.

But this other sugar, which I hold in my hand, is sold by us to the consumer at  $8\frac{1}{4}$  cents per pound. Is it possible for us economically, or, indeed, in any way, to produce this  $8\frac{1}{4}$  cent refined sugar from this, which costs us  $8\frac{1}{2}$  cents, if we are restricted in our operations to the use of this high-grade sugar, which costs, even before it is refined,  $8\frac{1}{2}$  cents per pound? The mere refining of this sugar costs on an average four-tenths of a cent per pound. Thus, when refined it costs about  $8\frac{9}{10}$  cents per pound. Unless we purposely lower

the value of the higher grade of raw sugar by debasing it with an inferior article, it is an utter impossibility to produce this  $8\frac{1}{4}$  cent sugar from this high-grade centrifugal. The same is the case with high-grade Muscovadoes. You might as well, gentlemen, ask a miller to produce a fourth or fifth class flour from the best quality of wheat as to ask us refiners to produce these cheap refined yellow sugars from the highest grades of raw. In either case it could only be done by courting certain ruin.

On the other hand, from the low-grade sugars, such as this No. 7, it is possible to produce any given grade of refined sugar. The question, then, becomes merely to what grade do we wish to raise it by refining? It is a mere matter of expense in the process of refining. If we wish to make a yellow sugar from it, the cost would be from 40 to 50 cents per 100 pounds. But if we wish to make an absolutely pure crystal sugar, the expense would range, according to the amount of natural impurities in this raw sugar, from 75 cents to \$1.00 per 100 pounds. So that by having an ample supply of these low-grade sugars, we can produce either the lower grades of yellows, or the highest classes of whites. As I before stated, if this supply of low grades were cut off by a tariff discrimination against them, the production of these cheap yellow refined sugars would necessarily cease.

Again, by having all grades of raw sugar at our command we are enabled to cheapen the average cost of refining. And just as the flour dealer, by blending a proportion of the higher grades of flour with the lower grades, can produce a medium flour, good in quality and moderate in price, so we, by using a proportion of the higher grades (which cost less to refine to perfect purity than the lower grades) can produce what I may term the medium grades of refined more cheaply than if they were made from the lower grades of raw alone. I think I have demonstrated, gentlemen, that for the economical conduct of our business, and for the economical production of all classes of refined sugar, we need an ample supply of all grades of raw sugar.

I wish to divest this discussion, as far as possible, of any personal character, and therefore reluctantly advert to a statement made by the proponent on the other side, namely, that there was less labor in refining the lower grades of raw sugar than in refining the higher grades of raw sugar. That statement I denied, as a refiner. The gentleman replied: "The gentleman may deny it, but I will prove it;" and endeavored to do so, with what success you are aware. I know that the gentleman said, subsequently, that his meaning was that low grades of raw could be made into low grades of refined as cheaply as high grades of raw could be made into high grades of refined; but that is a widely-different statement from the one which, on my contesting it, the gentleman undertook to prove. I now assert, as a refiner, that it costs nearly twice as much to bring a low-grade raw sugar up to its distributive quality, *i. e.* to fit it for consumption, as it does to bring a high-grade raw sugar up to a proper distributive condition.

Now, gentlemen, to return to my subject. Having proved that we refiners need all grades of raw sugar, in order to produce economically all grades of refined, I contend that any tariff which should prevent us from getting these low grades of raw sugar would be an unqualified injustice to us, a grave detriment to our legitimate business, and also a direct and purposeless extra tax on the consumer. And I further contend that the resolution which the gentlemen opposed to us ask you to report to the House would mean emphatically such a law.

Gentlemen on the other side have taken much more trouble to *assert* than to *prove* that the present tariff discriminates against high-grade sugars in such a way that many of them are virtually prohibited from entering our ports. It is quite true that, taking the year 1878, for which we have complete returns, the amount of sugar, from No. 13 to No. 16, Dutch Standard, which entered into consumption, was only 1,474,118 pounds. From No. 10 to No. 13 the amount which entered into consumption was 72,316,574 pounds,

while from No. 7 to No. 10 the number of pounds which entered into consumption was 618,019,816, and not above No. 7: 860,287,182 pounds. The natural effect of the present equitable tariff upon these high-grade sugars was calmly claimed by gentlemen on the other side as a discrimination against them.

I heard not a single argument drawn from the present specific rates on the various classifications of sugar to prove this. It was assumed that as these sugars did not come in, in larger proportions, under the present tariff, they must necessarily be discriminated against. The table of the *ad valorem* rates under the present tariff, to which, Mr. Chairman, I drew the attention of your committee at the beginning of this argument, seems to me effectually to dispose of this statement. No, sir; the real reason why these sugars do not come in in larger proportions under an equitable tariff, is to be sought elsewhere than in an imaginary discrimination against them. It is to be sought for in the natural advantages for the refining of sugar which we have over the producing countries, in our abundant supplies of fuel, of iron for machinery, bone-black for filtering, staves for our packages, all of which have to be carried from this country or from England to Cuba and the West Indies. It is to be sought for in the inventive genius of our mechanics, who have perfected the machinery now used in the refining processes. It is to be sought for in the superior methods which have made America to-day perhaps the foremost refining country in the world; and lastly, it is to be found in the unvarying economical law by which the cheaper, superior product will always drive out the inferior and dearer one.

You were told, Mr. Chairman, that by the present tariff we Americans were inflicting a penalty on the producers of these high-grade centrifugal sugars who are taking large quantities of our machinery. In the first place, the greater bulk of that machinery goes from England, and in the second, if it did go from this country, I fail to see how that can effect the equity of our sugar tariff; and in the third, I am

unable to see why, even if the Cubans and West India planters purchased all their machinery here, that is any reason for giving them an average advantage of  $19\frac{1}{2}$  per cent. over our own refiners of all grades of sugars, and for bringing our own machinery and industry to a standstill.

Having stated that this imaginary discrimination is to be sought for elsewhere than in the tariff, let me proceed to prove my position.

[Here the speaker took a sample of Cuban centrifugals and compared it in price with the refined sugar of equal or superior quality and lower price.]

Now, lest any gentleman on the other side should object that the amount of pure sugar in the refined sample which I have shown you is not equal to that in the raw centrifugal sample, I will show that paying the price which he does, (the basis of calculation being the price of granulated white sugar,) the poor man actually gets the pure sugar contained in this sample cheaper, pound for pound, than the rich man does in his when he buys sugar containing 100 per cent. of pure crystal sugar.

If we buy 100 pounds of a low-grade sugar containing say only 82 per cent. of crystallizable sugar and 18 per cent. of molasses, at  $6\frac{1}{2}$  cents per pound, we really pay  $7\frac{9.2}{100}$  cents per pound for each pound of pure sugar contained in it.

If we buy 100 pounds of Cuban centrifugals, containing say 98 pounds of crystallizable sugar, at  $8\frac{1}{2}$  cents, we purchase 98 pounds of pure sugar, for each pound of which we have paid  $8\frac{6.7}{100}$  cents per pound. The difference between  $7\frac{9.2}{100}$  and  $8\frac{6.7}{100}$ , namely three-fourths of a cent. per pound shows the cost to the Cuban and West Indian planter of making a 98 sugar out of an 82 sugar. Are we to be forced to pay the Cuban and West Indian planter three-fourths of a cent per pound more for the crystal sugar in his product than we now pay for the same pound of crystal sugar in the product of Brazil and the low-grade producing countries? And yet this

is what the memorialists on the other side would force us to do by excluding the lower grades of raw sugar.

We sell 100 pounds of absolutely pure sugar for say  $9\frac{1}{2}$  cents per pound. This is the rich man's sugar. The poor man can buy 100 pounds of coffee sugar, containing 90 pounds of pure crystallizable sugar and 10 pounds of molasses, for 8 cents per pound. Consequently he only pays  $8\frac{88}{100}$  cents per pound for his pure sugar, sixty-two one hundredths of a cent per pound less for his pure crystallizable sugar than the rich man, and, in addition, gets 10 pounds of molasses for nothing. Such a discrimination as I have proved the proposed law to be against the lower grades of sugar, would, in view of these facts, simply be a discrimination against a very large majority of the American consumers, and against the sugars which we supply to meet their demands. As was well said here last year: "have not the public a right to buy that sugar, and have we not a right to give it to them?" Now, Mr. Chairman, I propose to prove that the other side wish you to send in a resolution to the House which will effectually prevent us from getting these low-grade sugars and supplying the consumer with cheap refined sugars.

The sugars which these gentlemen want to import (No. 13) at a duty, say of 2.50 (even if it is 2.40 the proportions will be the same,) pay at present a duty of \$2.81 per 100 pounds. The proposed tariff would reduce this duty to 2.50. Consequently the duty is to be lowered *to them* 31 cents per 100 pounds. At the same time they would raise the duty on the No. 7 (which is now 2.18,) 32 cents per pounds. They are kind enough therefore to legislate *in their own favor* (on No. 13 as against No. 7) to the extent of 63 cents per hundred pounds or  $\frac{3}{8}$  of cent per pound. The significance and full intent of this will be seen by the answer given by the representative of our opponents to a question put by the Senator Elect from Louisiana.

Mr. Gibson asked the gentleman: "May it not be that a sugar of that color (No. 7) might, by the polariscope, test up above the ordinary price of No. 13?"

The answer was : “No, not above the ordinary price of No. 13. No. 13 *covers the line* of refining sugars. No. 13 is supposed to represent the *best* grades of refining sugar, and to *cover* these. There is no sugar for refining purposes that *we want* beyond *the corresponding* value of No. 13.

Doubtless, sir, you noted this statement. Those who make chiefly the higher grades of refined sugars, and who think it to their advantage to use the higher grades of raw sugars, ask you to recommend a reduction from the present tariff rate of 31 cents per 100 pounds in favor of the grade No. 13, which they would then exclusively use, and a discrimination of 62 cents (as compared with the present tariff) per 100 pounds against No. 7, and of 31 cents against No. 10.

This, sir, is the kind of justice for which Mr. Knowlton asked, and this well matured, but carefully cloaked design is what has covered the memorial presented to you by the other side with the names of makers of the higher grades of refined sugars, and with those of the agents of Cuban and West Indian planters. We were calmly assured this new tariff would benefit us as much as any one else, and this is the kind of benefit these gentlemen are considerate enough to proffer us.

Having made this somewhat lengthy but necessary digression in answer to the charge that the present tariff discriminated against the higher grade of sugars, let me return to my proposition, viz: that such a law as the one contemplated by the memorialists on the other side would be an unqualified injury to us, a grave detriment to our legitimate business, and a direct and purposeless extra tax on the consumer.

Does it need any argument, gentlemen, to prove to men of your business experience that the two classes of sugar, No. 7 and No. 10, discriminated against (as compared with the rates paid by them under the present tariff) to the extent of 31 cents and 63 cents per 100 pounds, respectively, could never stand the competition of No. 13 in this country? I would neither waste your time nor insult your intelligence by doing more than simply stating the bare fact of this proposed discrimination.

But further, does any one suppose that this rate of  $2\frac{1}{2}$  cents will ever be paid by a single pound of No. 7 or No. 10 under the law for which these gentlemen are asking?

I will show you, sir, how they can both come in without paying anything like the amount of this duty. No. 7 sugar can be separated or divided into 68 pounds of No. 13 and 32 pounds of molasses, equal to 3 gallons :

Under a uniform rate of duty of $2\frac{1}{2}$ cents per pound on all sugars up to No. 13, D. S., the American refiner would have to pay on 100 pounds of No. 7 in its undivided state.....	\$2.50
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This sugar divided abroad, as described, would simply pay duty upon—

68 pounds of No. 13, at $2\frac{1}{2}$ cents per pound.....	\$1.70
32 pounds (or 3 gallons) of molasses, at 6 cents per gallon.....	18
	<hr/> 1.88

Loss to the Treasury, and difference in favor of the foreign producer per 100 pounds....	62
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Under the present tariff the American refiner pays on 100 pounds of No. 7, D. S.....	\$2.18
--------------------------------------------------------------------------------------	--------

This sugar divided abroad, as above described, would only pay per 100 pounds...	1.88
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Loss to the Treasury, and difference in favor of foreign producer (as compared with the present tariff rate) per 100 pounds.....	<hr/> \$0.30 <hr/>
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So that No. 7 imported in this divided state would pay just 62 cents per 100 pounds less than No. 7 undivided would have to pay under the proposed uniform rate of \$2.50 per 100 pounds.



It would pay five-eighths of a cent per pound less than that rate.

It would pay 30 cents per 100 pounds less than No. 7 actually pays under the present tariff.

No. 10 can be treated in the same way with proportionate results.

As an inevitable consequence, the refining of these grades of sugar up to No. 13 would be done exclusively by foreign countries; the Treasury of the United States would in this way lose an enormous amount of duty, and the business of refining from low-grade sugars would be effectually killed.

This would be the very first result of such a uniform duty, and to its advantages *to themselves* no men are more keenly alive than the gentlemen who have told you here that their sole aim is to simplify and assure the collection of the revenue, to prevent fraud, and to know with certainty beforehand just how much duty they would have to pay per pound on their sugars. This I concede, Mr. Chairman, is the most *remarkable* simplification of the tariff I ever heard tell of. With such conditions of importation possible, does this not prove that not a pound of No. 7 or No. 10 sugar would be imported; that No. 13 would be the lowest grade which would come here, and that we who need absolutely for the successful and economical prosecution of our business all grades of sugar, would see ourselves deprived at one stroke of the lower grades which we must have to supply the demands of the public?

Am I or am I not justified, gentlemen of the committee, in characterizing this proposal, supposing it to become law, as a flagrant injustice and a grave detriment to the business of those who need these grades of sugars equally with the higher?

I said it would be a direct and purposeless extra tax on the consumer. It would deprive him straightway of the cheaper sugars, which to-day form 60 per cent. of the total consumption of the country. It would diminish the amount of importations and considerably advance the price of refined

sugars. And what have gentlemen on the other side advanced to justify this astounding proposal. Their accredited spokesman did not venture to say that it would cheapen the price of refined sugar; he knew well that it would do exactly the contrary. It was to benefit us all round, he maintained. It was to do away with the difficulties encountered by the Treasury in collecting the duty; it was to remove the temptation to color sugars for the purpose of reducing the duty or to fraud in sampling; it was to do away with that favoritism and unfair discrimination which, they say, is a principal cause of complaint against the present graduated tariff. I cannot repress a feeling of indignation when I repeat this specious nonsense, and know the deep and selfish intent which lurked beneath it. Bear with me, gentlemen, for a time, while I expose to you the hollowness of these crafty platitudes.

Now, the Cuban and West Indian planters, whose representatives comprise the large majority of those who have memorialized you, *these* are the men who have forced the hand of the Secretary of the Treasury. The only aid for which the Treasury has asked Congress is such authority as will empower it to use adequate means to oblige the colored sugars, chiefly imported by the very men who signed that memorial, to pay the duty which of right they ought to pay. There was none of this disturbance in sugar tariff matters previous to the introduction of these low-colored, high-testing Cuban and West Indian centrifugal sugars.

No one ever thought of saying that Muscovadoes, Brazils, Manilas, Chinese, and Egyptian, or any other sugars *except these*, had been, or were colored to evade duty. It was these sugars which first obliged importers and refiners to use the polariscope; for, unlike the others above-mentioned, it was impossible to judge of their strength from their color. These colored sugars, and these alone, are the ones which have determined the Secretary to employ this same instrument to detect the amount of crystallizable sugar they contain, and thus their value. And now, after having long reaped the

profits which the uncertainty of the Department secured to them ; now, when they are finally brought to bay, they rush to *protect* the Treasury in the way just described, and, turning to you with outstretched hands, say, through your committee, to an American Congress, “ *Lead us not into temptation !* ”

This uniform tariff, we are told by its promoters, will remove the temptation to fraud in sampling. The nice distinction drawn between the Cuban and West Indian planter, who only *lowers the color to reduce the duty*, and the venal American, who is boldly charged with *fraud* in sampling, is worthy of notice. Let me ask you, gentlemen, which is it more difficult to distinguish between, these *three* grades of color, 7, 10, 13, or these *two*, 13 and 14?

[Here the speaker exhibited samples of these four grades.]

The spokesman of these gentlemen said *they* did not need for refining purposes anything above No. 13; ergo, the temptation to fraud in sampling ends, I suppose, at 13. But if it does not, then, to be consistent, these gentlemen should have advocated a uniform tariff on all sugars of what grade or quality soever.

Finally, these gentlemen, through their representative, charge large frauds upon the revenue. This the uniform tariff up to No. 13 will, according to them, cure ; because then the collection of the duty resolves itself into a mere question of weighing. In the weigher, therefore, there can be no guile!

Of course the signers of that memorial *do not want to stand self-accused of fraud* before this committee. The natural inference, then, is that we on this side are the defrauders. This point I will treat with the greatest brevity. Last year we heard this *unsubstantiated* charge repeated *ad nauseam*. Even if fraud did or does exist, that is a matter the detection and checking of which is in the province of the administration ; in other words, of the executive. It has nothing whatever to do with the justice or injustice, the equitable or the inequitable character of a tariff. The possibility of fraud ought

never to be made the ground for substituting an unjust law for a just one. And I think I have fairly proved the proposed law to be an unjust as well as an inequitable one. In conclusion on this point, I would draw the serious attention of your honorable committee to the fact that these gentlemen are, in this uniform tariff, virtually asking for *special* legislation, favorable only to foreign producers and to makers of the higher grades of refined sugars. Such legislation would work grievous damage to us who, scouting the idea of any special legislation whatever in our favor, ask simply to be placed on a footing of perfect equality with the importers and refiners of all other grades of sugar whatsoever. We demand perfect equality under the tariff for them as their right; we claim the same for ourselves.

I need not dwell on the effect which the shrinkage in importations, resulting from this proposed tariff and the exclusion of the low-grade sugars, would have upon the labor employed in the production of the cheaper refined sugars, which, as I stated before, form 60 per cent. of the total consumption of the country.

Nor need I lose time in arguing its effects on the shipping engaged in carrying these low-grade sugars to this country. The letter of Messrs. H. H. Swift, a great Brazilian house, and of Ira Bursley, an East Indian house, which I have embodied in this argument, will throw sufficient light upon this point. I would merely draw your attention to the American tonnage employed in movements between the United States and *four* of the principal *low-grade* sugar-producing countries in 1870 and 1877 respectively, as well as the imports of sugar for each of these years from these same countries into the United States:

1870.	1870.	1877.	1877.
No. of lbs. imported under uniform duty of 3 cents on <i>all not above</i> No. 13, D. S.—	American shipping employed—	Imports in '77 when the import of low-grade sugars was permitted—	American shipping employed—
92,833,784 lbs.	93,274 tons.	222,814,434 lbs.	155,403.

Thus the increase of American tonnage employed between

these two periods, in transporting low-grade sugars, was 72,-229 tons. I have no doubt but that a similar increase could be established in the case of all other low-grade producing countries where freight charges from the interior to the sea-coast are not too high. This large shipping interest engaged in this business, the proportions of which have been constantly on the increase since 1870, owing to the equity of a tariff which permitted the introduction of the lower grades of sugar here—this interest, I say, you are asked to cripple in order that the higher product of Cuban refineries may be favored here. Let me draw your attention for a moment, gentlemen, to a statement of F. B. Thurber, a member of the largest wholesale grocery firm in this country. He wrote this last year on his return from England. He writes:

“I might mention in this connection that when I was in Liverpool recently a friend of mine in the sugar trade there mentioned to me that HE UNDERSTOOD FROM CUBAN SOURCES THAT OUR TARIFF WOULD UNDOUBTEDLY BE ALTERED TO A SPECIFIC TARIFF ON SUGAR THIS WINTER, WHICH WOULD GIVE GREAT ADVANTAGE TO REFINERS OF SUGAR IN CUBA; THAT HE HAD BEEN SOLICITED TO TAKE AN INTEREST IN SUGAR MANUFACTURE THERE ON THAT GROUND. At that time I paid little attention to the subject. I had not heard of the violent agitations of the matter on this side of the water. On my arrival home, however, I put the two things together, and the result to me is somewhat significant.”

So our Cuban friends were even thus early speculating on the wreck of an American industry, which was to give great advantage to refiners of sugar in Cuba. I offer no comment upon this extract.

The memorial of the gentlemen on the other side proceeds thus: “Your petitioners also desire most respectfully, but emphatically, to protest against the measure introduced into the last Congress, in which it was proposed that the Treasury Department should attempt, by *some means*, to establish the percentage of crystallizable sugar as a basis of duties, inasmuch as such a measure is impracticable and unsafe for the government, leading inevitably to serious controversies between

merchants and the Treasury, while it also puts into the hands of subordinate officials increased facilities for that favoritism and unfair discrimination which is a principal cause of complaint against the present graduated tariff."

With regard to the latter portion of this protest, I have to say that the same argument holds good of every transaction where you employ a human agent, and where there is a possibility of favoritism; and, if the principle underlying it were admitted and enforced, the governments of the world would have to abolish classified tariffs altogether.

If the wording of the first part of the protest means anything at all, it insists that the Treasury Department shall not attempt, by *any means*, to establish the percentage of crystallizable sugar as a basis of duties. This protest not only strikes at the employment of chemical analysis and the polariscope, but even at the Dutch standard, *always*, be pleased to remark, Mr. Chairman and gentlemen, up to No. 13, D. S., and not beyond. These gentlemen are perfectly willing to have the Dutch standard employed on No. 14 and the grades above, which their spokesman explicitly declared *they did not want* for the purposes of their business, they are even willing to allow that Dutch standard to declare their sugars *not above* No. 13, but they will not admit its reliability to determine by color the classification of the grades below that number. What is sauce for the goose must *not* be sauce for the gander! What is the Dutch standard? It is a graduated color scale, applied to the various types of sugar. What is that graduated scale of color used to determine? Certainly something more than that a sugar matched with the Dutch standard sample approximates more or less nearly to it in color. What, then? The quantity of molasses, or impurities, or water, the sugar matched with the Dutch Standard sample contains? Undoubtedly not. The amount of ash? No. There remains then but one thing else which the Dutch Standard can determine, and that is the *approximate* amount of crystallizable sugar the raw sugar matched with the Dutch Standard sample contains. If the Dutch Standard was not

intended to determine this approximately, there was and is no reason for its existence. It is an absurdity. But until within a few years merchants, all the world over used that standard for the sole purpose of determining the approximate amount of crystallizable sugar in the raw sugar they were buying or selling, and were willing to accept its imperfections for the sake of its general, substantial accuracy. To-day, as far as the mercantile community are concerned, the Dutch Standard (which will remain the best graduated classification of all sugars which have not been prevented from assuming their natural color whilst in process of manufacture, or in which the natural hue has not been tampered with) has received a great auxiliary in the polariscope. If time permitted I could give very conclusive proofs of the reliability and accuracy of that instrument, but I will instead ask the permission to file these documents with the stenographer, so that they may form part of the evidence in this inquiry.\*

It does not at all astonish us, Mr. Chairman and gentlemen, that, inasmuch as the coloring of the sugars imported by the Cuban and West Indian firms and agents who have memorialized you, rendered the Dutch Standard valueless in their case, and for a time was a source of great gain to them, by enabling these gentlemen to bring in these high-grade sugars at 63 cents per 100 pounds less than they ought to have paid—I say it does not astonish us that these gentlemen should fight with uncommon stubbornness against the formidable detector which has superseded the Dutch Standard for determining the value of those low-colored, high-testing sugars, and with the mercilessness of exact science has swept away this source of questionable gain.

The proponent on the other side argued that the use of the polariscope for the purposes just now mentioned is, in so far as the Treasury is concerned, impracticable and unsafe.

With regard to its impracticability, it is difficult to see why the use of an instrument universally employed by mer-

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\* These proofs will be found in the appendix

chants and by the proponent himself, *according to his own admission*, for the purpose of ascertaining the proportion of crystallizable sugar in any given sample of raw sugar, should become impracticable to Treasury experts. Until the latter have acknowledged their inability to use the polariscope successfully, the assumption that they cannot do what is daily done all over the world by others is unwarrantable.

But further than this, the Treasury officials, so far from admitting their inability to attain accurate results with the polariscope, claim exactly the contrary. The tests made by the Treasury experts when compared with those of outside experts, never in any case varied more than one per cent., and in nineteen cases out of twenty the variations did not exceed fractions of one per cent. And although these tests and experiments have been constantly made during the last four months, the advocate for the other side did not give himself the trouble to make any inquiry about this point before making his sweeping and preposterous statement.

Had he made inquiry he would have been informed by the Treasury officials that the use of the polariscope had already checked the exportation to this country from Cuba and the West Indies of these low-colored high-testing sugars. He would have been told that such high-testing sugars are now sent uncolored, and are paying their proper rate of duty, viz., 2.81, and that for the four months during which the polariscopic test has been applied to these sugars, the Treasury has gained in revenue on sugar considerably more than a million of dollars. And yet this is the instrument which the proponent boldly claims is impracticable and unsafe in the hands of the Government. I am well satisfied that the very legalizing by Congress of the Secretary's action will render the use of the polariscope but rarely necessary. These sugars will no longer be made for the purpose of evading, or as the proponent and his Cuban friends euphemistically put it, *reducing* the duty.

The gentleman stated that the polariscope would be unsafe for the Government, meaning, if anything, that the Govern-



ment might lose revenue by relying on its use for determining the values of sugars. Upon this point the Treasury Department is capable of speaking for itself. The further proof given by the proponent on the other side, to wit, that the polarisopic test is an unsafe one for the Government to use, because on an occasion cited it saved the Government \$4,000, will be fresh in the minds of the committee.

And now for the proof of my statement that the polariscope, so far from being impracticable and unsafe for Government purposes, in determining the amount of crystallizable sugar in any given sample of raw is, on the contrary, an unerring detector and indicator of the amount of crystallizable sugar in any and every sample of sugar submitted to its test, whether raw or refined. I will also, gentlemen, prove my further statement that the ability of all acquainted with its use to determine accurately this point by the polariscope is so universally admitted, that not a cargo of raw sugar is bought or sold to-day, except by its polariscopic test as a basis of value. The invoices and telegrams which I submit are taken at haphazard from thousands. In these invoices not a single sugar is quoted as to price without its polariscopic test being given, and, at the same time, its grade of color by the Dutch Standard, showing conclusively that both the Dutch Standard and the polariscopic test are universally recognized factors of value for all raw sugars.\*

Some members of the committee wish to have it explained to them, why, if the polariscope is so unerring an indicator of the value of raw sugar, by determining its crystallizable contents, the Dutch Standard should be at all necessary. The reason is this: Color, whether natural or produced artificially, has to be removed from raw sugar. This is one of the refining processes. It is one of the most difficult and most expensive processes. Therefore the lighter the color of a sugar the less expense it is to decolorize it. Consequently the Dutch Standard, by telling the refiner how dark or how

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\* These telegrams, sale notes and market reports will be found in the appendix.

light a sugar is in color, (these grades of color being designated by numbers, the lowest number indicating the darkest color, and the highest number the lightest color,) shows him how much or how little it will cost him to decolorize it. And as the quality of sugar is generally in proportion to the color, (the lightest colors containing the most crystallizable sugar, from the absence of impurities, and the darkest the least crystallizable sugar;) therefore the color of a sugar indicates approximately its value. The polariscope supplements the Dutch Standard by indicating, independently of the color, the exact percentage of crystallizable sugar contained in one hundred parts of any given sample of raw sugar. Therefore the Dutch Standard grade, corrected if necessary by the polariscope, will establish the exact value of any raw sugar.

In conclusion, gentlemen of the committee, I would summarize what I have said, as follows :

1. We ask for no *special* legislation in our favor.
2. We merely claim equal rights with all others engaged in the business of importing and refining sugar, and ask that no tariff legislation be recommended by you which shall discriminate either in favor of or against any grade of sugar whatsoever.
3. We believe, for the reasons already given by us, that a classified duty is the only just and equitable one, assuring to all parties those equal rights which we claim for our opponents as well as for ourselves.
4. We further hold that the present classified tariff is as nearly equitable as it is practicable to frame one, and that if Congress were to empower the Secretary to use such means as he may deem necessary to confine all grades of sugar to their proper classifications, no further change in the tariff would be needed.

I have to thank you, Mr. Chairman and gentlemen, for the great courtesy and patience with which you have listened

to me. Your indulgence will, perhaps, find some justification for the length at which I have spoken in the importance of this subject to the Treasury, to the consumers of our great staple, to the army of men engaged in the business we represent, their wives and children, and to all the subsidiary trades dependent upon the refining industry for their prosperity.

Gentlemen, I have done, and am at your service to answer such questions as you may see fit to ask.

## APPENDIX.

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Telegrams from London showing that when raw sugar is offered for sale, the grade by the Dutch Standard, as well as the polariscopic test, are always given :

[From F. Englehardt, London, Nov. 7, 1879.]

HAVEMEYER & ELDER, *New York* :

We offer you, firm, for reply thence same day, 950 Trinidads, average sugars, under No. 7, Dutch standard, polarizing  $86^{\circ}$ , 26s. 3d., c. & f.; 750 sugars, No. 7 to 8, Dutch standard fully, polarizing  $88\frac{1}{2}^{\circ}$ , 27s. 3d., c. & f.; 500 Jamaica sugars, under No. 10, D. S., and over No. 10, D. S., polarizing  $89\frac{1}{2}^{\circ}$ , 27s. 9d., c. & f.; 150 ton Vincents, polarize  $88^{\circ}$ , 27s. 3d., c. & f. Shipment by steamer from London.

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[From F. Englehardt, Nov. 7, 1879.]

We offer you, firm, for reply thence same day, 6,000 tons, vacuum pan Demeraras, No. 7 to 10, Dutch Standard; hogsheads, usual stowage, polarizing  $93^{\circ}$  to  $94^{\circ}$  basis, maximum polarizing,  $94^{\circ}$ ; three pence allowance, 30s. 9d.; cost and freight, commission and shipping charges included; steamer, equal quantities.

250 tons concrete Peruvian block, under No. 7, Dutch Standard; advice bought 27th ult., test.  $82\frac{90}{100}^{\circ}$ ; immediate instructions required. Refined market strong, rising.

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NEW ORLEANS, LA., Oct. 31.

HAVEMEYER & ELDER, *New York* :

Receipts to date, 2,200 hogsheads,  $\frac{3}{4}$  clarified; kettle sugar very green; test low, 75 to 82; owing to cane first rolled not being matured selling at  $5\frac{1}{4}$  at  $6\frac{1}{4}$ ; expect increased receipts next week and lower prices; will then send samples, and make shipment if possible to give you an idea of quality; weather favorable for maturing cane.

Market strong, with upward tendency. What price can you pay for 3,000 hogsheads vacuum pan Demeraras, No. 10-13 Dutch Standard, or sugars under No. 10, D. S., free on board, *sellers willing to guarantee any polarization and color?* November and December, (delivery.) Cable us your outside limit; we will save on it if possible.

The above are specimens of telegrams received daily from London. The last of these telegrams will enable one to form an opinion as to whether or not sugar can be made in Cuba and the West Indies of high intrinsic value, but of low color, to escape paying the proper duty. It is to be here noted that the duty thus saved does not go to the American buyer, as

these colored sugars are sold at within a fraction of the same price as the uncolored ones, the fractional difference being allowed on account of the expense of decolorizing them.

Specimen of New York market report sent to Havana by each steamer showing that, with prices paid for raw sugar, the polariscopic test is invariably given :

# MARKET REPORT PER "CITY OF VERA CRUZ."

(15th instant to date.)

NEW YORK, *January 21, 1880, 11 a. m.*

*Sugar* has been steady in price, but the demand is only moderate, either for raw or refined, and for the latter lower figures have been accepted on some descriptions, so that the refiners are not willing to purchase freely.

There is now some production of glucose sugar from maize of a quality suitable for mixing with refined cane sugar, thus diminishing to a limited extent the consumption of cane sugar. The manufacture of this glucose sugar is, as yet, in its infancy, and therefore it is scarcely felt, but as it is said to be very profitable, it threatens to increase in the course of time. The experiments in producing beet sugar in the State of Maine, we learn, have not been very profitably so far, and only a small quantity has been made; but those who are engaged in the business propose to persevere in the hope of realizing success by improving their methods.

	Tons.
<i>Receipts</i> at this port to importers.....	2,475
<i>Receipts</i> at this port to refiners.....	1,923
Total receipts.....	4,398
Deliveries, same time.....	4,662

*Estimated stock*, 37,477 tons, against 23,600 tons, same date, 1879, and 22,700 tons, same date, 1878.

*Sales*—1,297 hogsheads, 60 boxes, and 60,217 bags, including—

50 hhds. }	centrifugals, 95 <sup>20</sup> <sub>100</sub> , 96 <sup>10</sup> <sub>100</sub> , at 8 <sup>3</sup> <sub>4</sub> cents.
60 boxes }	
40 hhds	molasses sugar, 89°, at 7 <sup>5</sup> <sub>8</sub> cents.
28 hhds	inferior refining, 76°, at 6 <sup>1</sup> <sub>2</sub> cents.
50 hhds.	centrifugals, 96 <sup>40</sup> <sub>100</sub> , at 8 <sup>7</sup> <sub>8</sub> cents.
45,156 bags	Philippine islands, 80-81°, at 6 <sup>1</sup> <sub>8</sub> cents.
194 hhds.	Porto Rico, 86-60°, at 7 <sup>10</sup> <sub>16</sub> cents.
150 hhds.	centrifugals, 96-90°, at 8 <sup>7</sup> <sub>8</sub> cents.
150 hhds.	centrifugals, 96-30°, at 8 <sup>1</sup> <sub>8</sub> cents.
4,079 bags	Brazil, 90-60°, at 8 <sup>1</sup> <sub>16</sub> cents.
151 hhds.	Porto Rico, 83-30°, at 7 <sup>3</sup> <sub>8</sub> cents.
10,400 bags	Manilla, 80, at 6 <sup>3</sup> <sub>4</sub> cents.

We quote fair to good refining Muscovadoes, 88-91°, 7<sup>1</sup><sub>16</sub>, at 8<sup>1</sup><sub>16</sub> cents.

Centrifugals, 95-98°, 8<sup>1</sup><sub>16</sub>, at 8<sup>1</sup><sub>16</sub> cents.

Molasses-sugars, No. 6-10, 85-90°, 7<sup>1</sup><sub>8</sub>, at 7<sup>7</sup><sub>8</sub> cents.

Melado, 70-80°, 5<sup>1</sup><sub>4</sub>, at 6<sup>1</sup><sub>4</sub> cents.

*Sugars*—cost and freight, like spot-goods, are not in demand.

We note sales of fair refining, at  $4\frac{95}{100}$  cents, and of good common,  $88^{\circ}$ , at  $4\frac{90}{100}$  cents.

*Refined*—Trade has been slow and prices of some sorts are off. We quote A sugars 9, at  $9\frac{1}{2}$  cents. Exports since our last, 801 tons.

*Molasses*—Sales of new crop, Cuba, have been made, to arrive, at equal to 32 cents, landed, basis  $50^{\circ}$ .

*London sugar market* is weak at 24.0 for fair refining, afloat; 28.6 for centrifugals,  $96^{\circ}$ .

*Havana acceptances*, 4 and 5 per cent. for best names.

*Exchange on London*, 60 days,  $\$4.82\frac{1}{2}$ .

GRINNELL, MINTURN & CO.

The following extracts from sale-notes will show that not only is the polariscopic test of all sugar bought and sold given, but that such tests are guaranteed. Further, that additions to, and deductions from, the quoted price are made in case a sugar either exceeds or falls below the guaranteed test; and even *fractions of a degree* are sometimes proportionately allowed for. These are merely specimens of thousands of such documents which are constantly passing from firm to firm all over the world:

NEW YORK, October 30, 1879.

Sold, for Account of Messrs. S. & W. WELSH,  
To Messrs. HAVEMEYERS & ELDER:

About 1,500 hogsheads centrifugal sugar, of the estate "Neda," below No. 10, D. S., and average  $96^{\circ}$  test, to arrive.

*Sugar to be received ex-ship. Should the average test be under  $96^{\circ}$ , an allowance of one-tenth of a cent per pound to be made for every degree below, fractions in proportion.*

SKIDDY, MINFORD & CO., *Brokers.*

NEW YORK, November 11, 1879.

Sold, for Account of Messrs. FERNANDEZ & CALVO,  
To Messrs. HAVEMEYERS & ELDER:

About 40 hogsheads *molasses sugar*, guaranteed  $87^{\circ}$ .

About 300 bags centrifugal sugar, guaranteed  $93^{\circ}$ .

Forty hogsheads and 300 bags Cuba sugar.

*Should the test be under that guaranteed, an allowance to be made of one-tenth of a cent per pound on the centrifugals and one-sixteenth of a cent per pound on molasses sugars for every degree below, fractions in proportion.*

SKIDDY, MINFORD & CO., *Brokers.*

[Memorandum.]

NEW YORK, *October 4, 1879.*

Sold, for account of BURDICK, FRISBIE & Co.,  
To Messrs. HAVEMEYERS & ELDER:

Four hundred and fifty-six hogsheads Porto Rico sugar; 89° *test guaranteed.*

BURDICK, FRISBIE &amp; CO.

[Memorandum.]

NEW YORK, *September 18, 1879.*

Sold, for account of BURDICK, FRISBIE & Co.,  
To Messrs. HAVEMEYERS & ELDER:

Two hundred and forty-six (246) hogsheads, one hundred and twenty-two (122) tierces, and thirty (30) barrels Trinidad sugar, at  $6\frac{3}{4}$  cents per pound. *Basis of 86° test. If 85° test,  $\frac{1}{8}$  of a cent deducted; if 87° test,  $\frac{1}{8}$  of a cent added.*

BURDICK, FRISBIE &amp; CO.

The subjoined New York market report of Minford, Thompson & Co., shows that the information given their subscribers, not only includes the price of raw sugar, but invariably the polariscopic test and the name of the seller and buyer:

## DAILY MARKET REPORT.

OFFICE OF MINFORD, THOMPSON & Co.,  
90 WALL STREET, NEW YORK, *January 8, 1880.*

Receipts reported this a. m.: 889 hhds.

Rec'd by refiners direct out of above: 579 hhds.

Est'd stock in importers' hands this a. m.: 26,810 hhds., 9,531 b'xes, 584,494 bags, 103 Melado.

Sales:

160 hhds. Cardenas centr'fs, *TEST* 93, "Himely, to Bk'lyn,"  $8\frac{3}{8}$ .

250 hhds. Martinique, good com'n, *TEST* 87, "Trowbridge to H. Brs. & E.,"  $7\frac{5}{8}$ .

114 hhds. Demarara, good com'n, *TEST* 86, "Armstrong to H. Brs. & E.,"  $7\frac{1}{2}$ .

315 hhds. P. R., to come from N. Haven, *TEST* 87, "Armstrong to H. Brs. & E.,"  $7\frac{5}{8}$ .

571 hhds. P. R., infe'r to good, r'f'g, *TEST* 80-91, "Rivera to Bk'lyn,"  $7-7\frac{7}{8}$ .

396 c'sks Mexican clayed and musc., *TEST* 85-86, "Thebaud to H. & E.,"  $7\frac{1}{2}$ .

42 hhds. Sagua mol's sugar, *TEST* 83, "Youngs to B'klyn,"  $7\frac{1}{2}$ .

31 hhds. Sagua mol's sugar, *TEST* 87.6, "Youngs to B'klyn,"  $7\frac{1}{2}$ .

37 hhds. Sagua, good com'n to set. fair, *TEST* 86-88, "Youngs to B'klyn,"  $7\frac{1}{2}-\frac{3}{4}$ .

Raws ruled strong, with a fair demand from refiners. Holders offer sparingly; basis,  $7\frac{7}{8}$  to 8 for fair to good; r'f'g centrifugals are firm at 8.56 to 8.1 for 94 to 96 test.

Refined were active and strong at  $\frac{1}{8}$  higher prices for softs. We quote:

Cut-loaf,  $10\frac{1}{4}$ ; coarse offered at  $9\frac{1}{4}$ – $9\frac{3}{8}$ .

Crushed,  $10\frac{1}{8}$ ; soft offered at  $8\frac{7}{8}$ – $9\frac{1}{8}$ .

Powdered,  $10\frac{1}{8}$ ; good B. offered at  $8\frac{3}{4}$ .

Granulated,  $9\frac{3}{4}$ ; good ex. C. offered at  $8\frac{1}{2}$ – $8\frac{5}{8}$ .

Cent. sta'd,  $9\frac{1}{2}$ ; yellow C offered at  $8\frac{1}{4}$ – $8\frac{3}{8}$ .

St'd A,  $9\frac{1}{2}$ ; yellow C offered at  $7\frac{7}{8}$ – $8\frac{1}{8}$ .

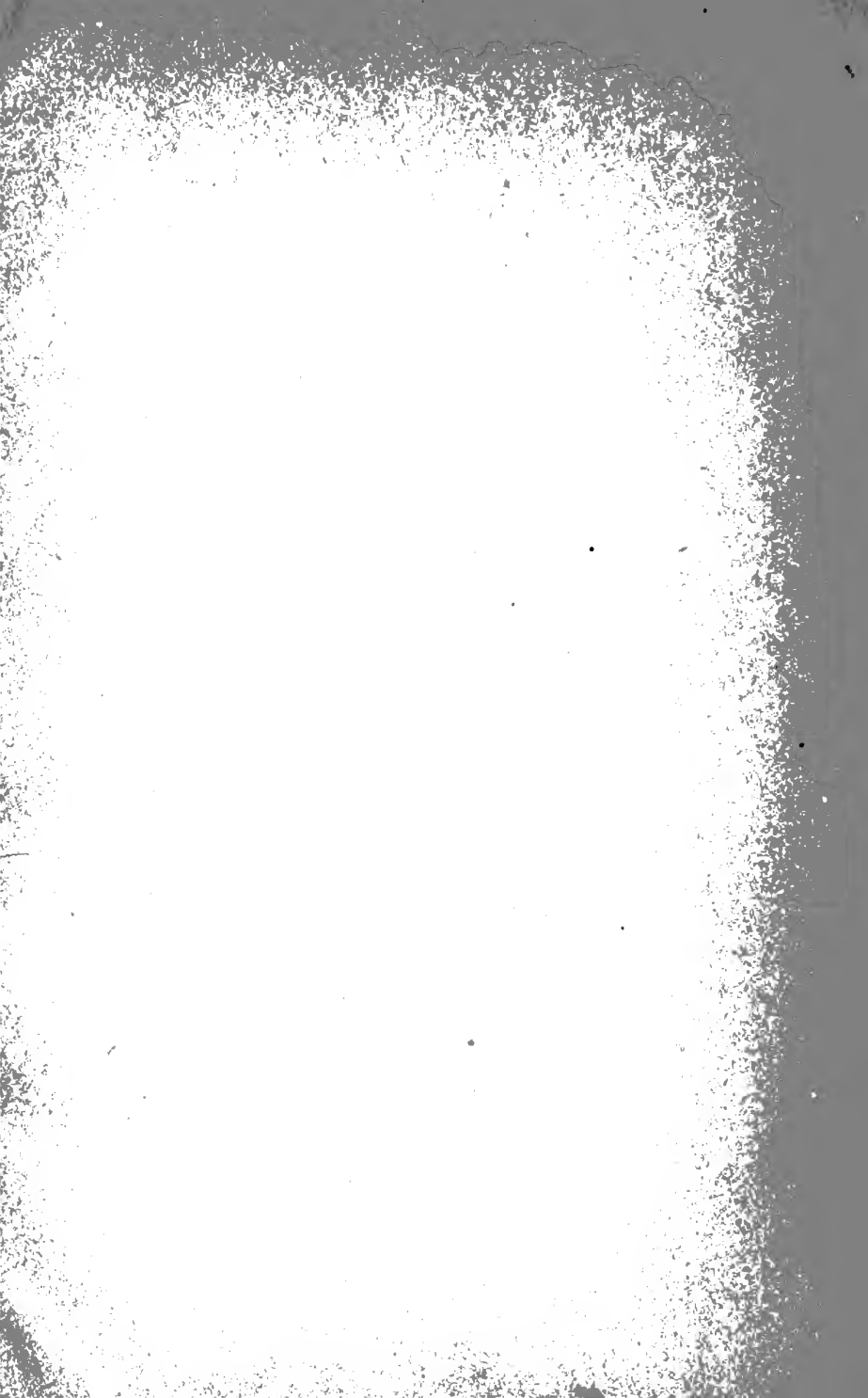
Very truly yours,

MINFORD, THOMPSON & CO.

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Mr. Eastwick stated that from a 98° centrifugal sugar (No. 13, Dutch Standard) about 20 per cent. of cheap refined sugars could be made. I maintain that no refiner in the United States, not even Mr. Eastwick himself, would attempt to do any such thing, for the following reasons: This grade of sugar costs to-day  $8\frac{1}{2}$  cents per pound. Its refining costs four-tenths of a cent per pound. Thus, this sugar refined costs the refiner 8.90 cents per pound. Consequently this is the average price he must obtain from the product of this grade of raw sugar before he makes a single cent of profit. If he makes 20 per cent. of low-priced sugar from this grade he must charge a proportionately higher price for the higher qualities of sugar simultaneously made from this grade of raw. This would certainly not be his aim.









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